

SABINE RIVER AUTHORITY
State of Louisiana

Financial Statements
June 30, 2002

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor and other appropriate public officials. The report is available for public inspection at the Finance Policy Office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/9/02

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STATE OF LOUISIANA
SABINE RIVER AUTHORITY (SRA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2002

The Management's Discussion and Analysis of the Sabine River Authority's (SRA) financial performance presents a narrative overview and analysis of Sabine River Authority's (SRA) financial activities for the year ended June 30, 2002. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

FINANCIAL HIGHLIGHTS

- The Sabine River Authority's (SRA) assets exceeded its liabilities at the close of fiscal year 2002 by \$11,755,897 which represents a 1.2% increase from last fiscal year. The increase is primarily a result of capital contributions for improvements and prior period adjustments.
- The Sabine River Authority's (SRA) revenue decreased \$1,618,809 (or 21.4%) and the net results from activities decreased by \$24,993. These decreases are a result of a decrease in power sales due to a planned major overhaul from September, 2001 through August, 2002.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements...and Management's Discussion and Analysis...for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

STATE OF LOUISIANA
 SABINE RIVER AUTHORITY (SRA)
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2002

Basic Financial Statements

The basic financial statements present information for the Sabine River Authority (SRA) as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Fund Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets (pages 8 - 9) presents the current and long-term positions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Sabine River Authority (SRA) is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 10) presents information showing how Sabine River Authority's (SRA) assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement (pages 11- 12) presents information showing how Sabine River Authority's (SRA) cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and indicates the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Current and other assets	\$	10,005	\$	10,005
Capital assets		65,350		65,350
Total assets		<u>75,355</u>		<u>75,355</u>
Other liabilities		2,171		741
Long-term debt outstanding		<u>72,773</u>		<u>71,540</u>
Total liabilities		<u>74,944</u>		<u>72,281</u>
Net assets:				
Invested in capital assets, net of debt		43,454		40,063
Restricted		2,428		1,769
Unrestricted		600		6,446
Total net assets	\$	<u>46,482</u>	\$	<u>47,278</u>

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (RTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2002**

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on what those amounts may be used for.

Net assets of Sabine River Authority's (RTA) increased by \$446,643, or 0.7%, from June 30, 2000 to June 30, 2002. One of the major causes of this increase were capital contributions of \$537,549 for capital improvements.

	2002	2001
Operating revenues	\$ 5,542	\$ 8,481
Operating expenses	(3,625)	(8,318)
Operating income/(loss)	1,917	163
Non-operating revenue/(expense)	1,584	895
Income/(loss) before transfers	3,501	1,058
Contributed capital	538	863
Net increase/(decrease) in net assets	\$ 4,039	\$ 1,921

The Sabine River Authority's (RTA) total revenues decreased by \$3,648,580 or (21.4%). The total cost of all programs and services decreased by \$718,815 or (11.5%).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2002, the Sabine River Authority (RTA) had \$69,263,260 invested in a broad range of capital assets, including land, reservoirs and waterways, dams and electric plant, water and pumping plant, recreation site improvements, and equipment, (see Table below). This amount represents a net increase (including additions and deductions) of \$758,761, or 1.1%, over last year.

STATE OF LOUISIANA
 SABINE RIVER AUTHORITY (SRA)
 MANAGEMENT'S DISCLOSURE AND ANALYSIS
 AS OF JUNE 30, 2001

Land	\$	1,227	\$	1,237
Reservoirs and Waterways		10,586		10,779
Dams and Electric Plant		11,687		10,917
Water and Pumping Plant		15,630		14,123
Recreation Site Improvements		1,584		1,844
Equipment		989		1,708
All Others		<u>21,495</u>		<u>22,800</u>
Totals	\$	<u>53,299</u>	\$	<u>52,505</u>

This year's major additions included (in thousands):

- San Miguel Church \$133
- Construction in progress – Water line improvements \$247
- Construction in progress – Legasport Mall \$112
- Construction in progress – Recreation #2 overflow \$3,637

Debt

The Sabine River Authority (SRA) had \$ 10,415 thousand in bonds and notes outstanding at year-end, compared to \$11,625 thousand last year, and a decrease of 10.4 % as shown in the table below:

Outstanding Debt at Year-end (in thousands)			
		2000	2001
Revenue Bonds and Notes	\$	<u>11,470</u>	<u>11,625</u>
Totals	\$	<u>11,470</u>	<u>11,625</u>

The Sabine River Authority's Series 1999 bonds are un-rated. The Series 1994 Bond rating continues to carry the "AA" rating.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$2 million under budget and expenditures were 2 million less than budget due in part to reduced revenues as a result of the overflow at the dam.

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (SRA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2003**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Sabine River Authority's (SRA) budget is completed based on guidelines set by the Division of Administration. Revenues are projected based on historical data. Non-appropriated income are set by the Board of Directors and the Toledo Bend Project Joint Operations.

The Sabine River Authority (SRA) expects that next year's results will not improve based on the following:

- A major overhaul to Generator #1 at the Toledo Bend Project will result in reduced revenues.

CONTACTING THE SABINE RIVER AUTHORITY'S (SRA) MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Sabine River Authority's (SRA) financial and to show the Sabine River Authority's (SRA) accountability for the money it receives. If you have questions about this report or need additional financial information, contact Linda Clavin - Sparks, Executive Director, Sabine River Authority.



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FINANCIAL SERVICES, L.L.C.

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Sabine River Authority
State of Louisiana

We have audited the accompanying financial statements of Sabine River Authority, a component unit of the State of Louisiana, as of and for the year ended June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Prior to July 1, 1994, the fixed assets of Sabine River Authority, State of Louisiana, were not reported in an encompassing fund. All opening balances of fixed assets could not be verified. See Note 4 for additional information.

In our opinion, except for any errors which might have been disclosed had fixed assets been established and maintained prior to July 1, 1994, the financial statements referred to above present fairly, in all material respects, the financial position of Sabine River Authority, State of Louisiana, as of June 30, 2002, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the Authority adopted the provisions of *Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*. This results in a change in the format and content of the basic financial statements as of July 1, 2002.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedule and annual fund report listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

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Board of Commissioners
Sabine River Authority,
State of Louisiana

The Management's Discussion and Analysis on pages 1 through 3 is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express an opinion on it.

In accordance with Government Auditing Standards, we have also issued a report dated August 15, 2002, on our examination of Sabine River Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Bronson & Company

Lake Charles, Louisiana
August 15, 2002
sll

**SABINE RIVER AUTHORITY,
STATE OF LOUISIANA
Statement of Net Assets
As of June 30, 1983**

	1983
Assets	
Current Assets	
Cash and cash equivalents	\$ 5,000,446
Investments	1,808,337
Accounts receivable	956,499
Total Current Assets	7,765,282
Restricted Assets	
Investing Assets:	
Cash and cash equivalents	936,999
Investments	1,801,900
Total Restricted Assets	2,738,899
Property and Equipment:	
Land	1,201,496
Roads and waterways	16,888,179
Dams and electric plant	17,808,652
Water and pumping plant	24,490,317
Recreation and conference center	12,884,666
Recreational site improvements	4,889,883
Buildings	2,204,026
Boats and parking lots	2,826,811
Fish pavilions	668,742
Golf course	5,135,009
Equipment	3,894,648
Construction in progress	4,167,796
Less accumulated depreciation	(31,898,024)
Total Property, Plant and Equipment	65,240,368
Other Assets	
Deposits	58,880
Total Noncurrent Assets	65,299,248
Total Assets	\$ 73,064,530

The notes to the financial statements are an integral part of this statement.

**SABINE RIVER AUTHORITY,
STATE OF LOUISIANA
Statement of Net Assets
As of June 30, 2002**

	<u>2002</u>
Liabilities and Net Assets	
Current Liabilities	
Accounts and sundry payable	\$ 2,024,000
Current maturities of long-term debt	3,111,000
Current portion of contract payable	94,116
Accrued expenses	263,278
Interest payable	80,958
Total Current Liabilities	<u>5,573,352</u>
Long-term Liabilities	
Contract payable	9,769,610
Bonds payable	8,080,000
Total Long-term Liabilities	<u>17,849,610</u>
Total Liabilities	<u>23,422,962</u>
Net Assets	
Invested in capital assets, net of related debt	40,404,498
Restricted for debt service	2,620,599
Unexpended	2,048,689
Total Net Assets	<u>45,073,787</u>
Total Liabilities and Net Assets	<u>\$ 68,496,749</u>

**SABINE RIVER AUTHORITY,
STATE OF LOUISIANA**
Statement of Revenues, Expenses, and Changes in Net Assets
For The Year Ended June 30, 2002

	<u>2002</u>
Operating Revenues (Expenditures): all pledged as security for revenue bonds)	
Power sales	\$ 2,177,000
Water sales	2,389,640
Fuels and credits	131,279
Miscellaneous	213,088
Total Operating Revenues	<u>5,011,007</u>
Operating Expenses:	
Operating and maintenance	3,669,172
Depreciation and amortization	2,655,400
Total Operating Expenses	<u>6,324,572</u>
Operating Income (Loss)	<u>(13,565)</u>
Nonoperating Revenues (Expenses):	
Interest income	110,268
Interest expense	(454,810)
Other	(3,334)
Net Nonoperating Revenues (Expenses)	<u>(377,876)</u>
Income (Loss) Before Contributions	<u>(170,540)</u>
Capital Contributions	<u>337,248</u>
Change in Net Assets	<u>266,708</u>
Net Assets - Beginning of Year, as previously stated	<u>\$1,120,833</u>
Prior Period Adjustment	<u>272,268</u>
Net Assets - Beginning of Year, as restated	<u>\$1,393,101</u>
Net Assets - End of Year	<u>\$ 1,659,809</u>

The notes to the financial statements are an integral part of this statement.

**SABINE RIVER AUTHORITY,
STATE OF LOUISIANA
Statement of Cash Flows
For The Year Ended June 30, 2002**

	2002
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 3,375,007
Payments to suppliers	(1,000,207)
Payments to employees	(1,800,499)
Other	(11,004)
	<u>2,563,297</u>
Net Cash Provided (Used) by Operating Activities	<u>2,563,297</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(1,000,411)
Proceeds from sale of capital assets	1,331
Principal paid on capital debt	(13,90,000)
Interest paid on capital debt	(31,240)
Net payments on contracts payable	(33,000)
Capital contributions	(37,500)
Deposit	(30,000)
	<u>(2,561,620)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,561,620)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale and maturity of investments	2,410,000
Purchase of investments	(4,301,250)
Interest received	30,250
	<u>(1,861,000)</u>
Net Cash Provided (Used) by Investing Activities	<u>(1,861,000)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,859,323)
Cash and Cash Equivalents - Beginning of Year	8,071,333
Cash and Cash Equivalents - End of Year	\$ 5,212,010
Contractual cash equivalents shown on balance sheet as:	
Current assets - Cash and cash equivalents	\$ 5,212,010
Restricted assets - Cash and cash equivalents	500,000
	<u>\$ 5,712,010</u>

This note is the financial statement an integral part of this statement.

**SAFONE RIVER AUTHORITY,
STATE OF LOUISIANA
Statement of Cash Flows
For The Year Ended June 30, 2002**

		2002
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating income (loss)	\$	(1,827)
Adjustments to reconcile operating income to net		
cash provided (used) by operating activities:		
Depreciation and amortization		1,055,400
Other		117,798
(Increase) decrease in receivables		79,445
(Increase) decrease in other current assets		25,419
Increase (decrease) in accounts payable		115,808
Increase (decrease) in interest payable		(54,647)
Increase (decrease) in other current liabilities		(11,871)
Total Adjustments		1,300,432
Net Cash Provided by Operating Activities	\$	1,281,175

The notes to the Financial Statements are an integral part of this statement.

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements
Year Ended June 30, 1992**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Sabine River Authority, State of Louisiana, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

The Office of Statewide Reporting and Accounting Policy is requiring all component units of the state to implement GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments".

Reporting Entity

Sabine River Authority, a component unit of the State of Louisiana, was created under Title 38, Chapter 2, of the Louisiana Revised Statutes of 1958, comprised of R. S. 3823(2) through 3823(7).

This Authority is charged with the development of the Sabine River Basin within the State of Louisiana. The Authority derives its revenue from the sale of hydroelectric power from the Toledo Bend Dam, water sales from the Toledo Bend Reservoir and Sabine River Diversion Canal, permit and recreation fees, taxes and other miscellaneous revenues. At the 1991 Session of the Louisiana Legislature, Act 372 transferred the Authority to the Louisiana Department of Transportation and Development.

The Authority is an autonomous self-supporting governmental unit with no taxing powers covering all or a portion of its position in the Sabine Basin and is administered by a thirteen-member Board of Directors appointed by the Governor in four-year terms which are consistent with the Governor.

Fund Accounting

In prior years, the Authority, for financial reporting purposes, consisted of a general fund, debt service fund and account groups. These funds and groups were designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

For the 1994-95 fiscal year, the Legislative Auditor determined the Authority's accounting system should consist of an enterprise fund (proprietary fund type). This enterprise fund accounts for the acquisition, operation, and maintenance of Authority facilities and services. All enterprise funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

Proprietary funds are reported in accordance with GASB Statement No. 34, *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting*. This standard requires that all applicable GASB measurements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB)

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989 by applied to proprietary activities unless they (FASB Statements and Interpretations, APB Opinions, and ARBs) conflict with or contradict GASB pronouncements.

GASB Statement No. 28 also states that for proprietary activities, management may elect to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under the control of the Authority will not elect to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority distinguish fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Compensated Absences

Classified employees of the Sabine River Authority accumulate annual and sick leave at various rates depending on their years of service. These employees may accumulate unlimited amounts of annual and sick leave. Upon termination or death, employees or their heirs are compensated for up to 300 hours of annual annual leave at the employee's hourly rate of pay. Upon retirement, annual annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

Vacated or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds at the benefits accrue to employees. In accordance with the provisions of Statement of Financial Accounting Standards No. 18, *Accounting for Compensated Absences*, (GASB Code Sec. 200) no liability is recorded for non-vesting, accumulating rights to receive sick pay benefits.

Cash and Cash Equivalents

Cash and cash equivalents are short-term liquid investments that are readily convertible to known amounts of cash and so near maturity that there is no significant risk of changes in value due to changes in interest rates.

Investments

All investments meet the requirements of GASB Statement No. 31 and are stated at fair value.

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 2001**

Accounts Receivable

The Authority considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If accounts become uncollectible, they will be charged to operating expenses when that determination is made.

Property, Plant and Equipment

Property, plant and equipment are stated at historical costs. Depreciation has been provided using the straight-line method at annual rates as follows:

Trams and electric plants	3.00%
Water and pumping plant	1.00% - 5.00%
Buildings	2.00% - 5.00%
Equipment	4.00% - 20.00%
Roads and parking lots	3.10% - 5.00%
Grill houses	2.00%

Budgets and Budgetary Accounting

The Authority prepares a budget for use in planning and controlling costs. The budget and any changes are approved by the Board of Commissioners.

Restricted Assets

The restricted assets consist of a bond reserve fund, bond operating reserve funds, and contingency and replacement reserve funds on revenue bonds that are specifically restricted by the Board of Commissioners. The bond operating reserve, and contingency and replacement reserve funds are segregated as required by the bond indentures.

Rates and Regulations

The Louisiana Public Service Commission (LPSC) has original jurisdiction over the electric rates charged by the Authority. In 1993, the LPSC granted a rate increase. The rate of 2.09 per kWh was for five years with an increase to 2.1¢ thereafter. The power companies affected by this increase have agreed to the rate increase. Rate rates are established by the Authority's Board of Commissioners.

Risk Management

The Authority is exposed to various risks of loss from theft, theft of, damage to, and destruction of assets; business interruptions; fires and explosions; employee injuries and illnesses; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 2002**

NOTE 2 – LEGAL COMPLIANCE – BUDGETS

The Authority operates as an enterprise fund. Normally, enterprise funds are not subject to operating budgets. However, a modified annual funds budget for Sabine River Authority Appropriations, a portion of the enterprise fund, is formally adopted by the State Legislature and the Governor prior to the beginning of the fiscal year. After its adoption, adjustments to the budget must be approved by the Joint Legislative Committee, a committee of the Louisiana Legislature; however, the Commissioner of Administration may approve line item transfers within a budgetary unit subject to the statutory limitations. Appropriations for operating expenditures lapse at fiscal year-end; capital appropriations lapse upon completion of the Project; purchases of the capital items designated in the appropriation, or abandonment. Interim emergency appropriations may be granted by the Interim Emergency Board.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

At year-end, the carrying amount of the Authority's deposits was \$807,577 and the book balance was \$707,540. Of the book balance, \$180,000 was covered by federal depository insurance. Of the remaining balance \$152,319 was covered by collateral held by a third party in the Authority's name and \$169,181 was covered by collateral held by a third party in the name of the Louisiana Department of the Treasury.

Investments

Upon implementation of GASB Statement 31, reported amount and fair value will often be the same number.

The Authority does maintain investment accounts as authorized by the State of Louisiana.

Investments can be classified according to the level of risk to the entity. Investments are categorized below as an indicator of credit risk.

Category 1 – Insured or registered in the entity's name, or securities held by the Authority or its agents in the Authority's name.

Category 2 – Uninsured and unregistered with securities held by the counter-party's trust department or agent in the Authority's name.

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 2002**

Investments (continued)

Category 2 – Unsecured and unregistered with securities held by the counter-party, or by its trust department or agent but not in the Authority's name.

Type of Investment	Category of Risk			Reported	Fair
	1	2	3	Amount	Value
U. S. Government securities	1- 0	1- 0	\$2,029,318	\$2,029,318	\$2,029,318
Federal Agencies' securities	0	0	1,178,660	1,178,660	1,178,660
Total categorized investments	1- 0	1- 0	\$3,207,978	\$3,207,978	\$3,207,978

Investments not categorized:

Money Market Funds*	\$3,796,000	\$3,796,000
Cash in State Treasury	1,436,599	1,436,599
Total investments	\$5,232,599	\$5,232,599

*The underlying investments consist solely of and are limited to securities of the United States government or its agencies.

NOTE 4 – FIXED ASSETS

Balance of fixed assets acquired through the Joint Operation between Sabine River Authority, State of Louisiana and Sabine River Authority of Texas in the amount of \$58,315,837, including \$1,837,080 of construction in progress, were obtained from audited financial statements. Other fixed asset balances were obtained from sources that could not be audited. Unaudited fixed assets totaled \$14,089,671, net of accumulated depreciation of \$7,899,463. Depreciation expense for the year ended June 30, 2002 was \$1,001,853. Fixed assets as of June 30, 2002 were as follows:

	Land	Highway and Waterways	Water and Electric Plant	Water and Sewerage Plant	Acquisition Site Improvements	Equipment	Construction in Progress
Balance, June 30, 2001	\$ 1,233,496	\$ 10,899,388	\$ 11,028,600	\$ 21,431,928	\$ 4,489,883	\$ 3,789,139	\$ 24,915,130
Additions				(6,438)		(50,448)	(9,600)
Depreciation						(75,436)	
Accumulated depreciation		(3,493,194)	(3,781,461)	(3,873,794)	(2,036,678)	(2,885,374)	(3,881,876)
Construction in progress			1,637,855				2,558,296
Balance, June 30, 2002	\$ 1,233,496	\$ 7,406,194	\$ 8,247,139	\$ 21,425,490	\$ 4,489,883	\$ 3,663,315	\$ 25,481,030

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 2002**

NOTE 3 - CONSTRUCTION IN PROGRESS

The Authority has various construction projects in progress as of June 30, 2002. The following is a schedule of the most significant of these projects:

	Estimated Total Cost	Cost Incurred to Date	Estimated Completion Date
Water line improvement	\$ 2,365,688	\$ 1,921,894	March, 2003
Loganport wall	821,698	523,345	August, 2002
South Toledo Road	750,000	44,349	December, 2002
Sculpin Aquatic Exhibit (Phase I)	420,000	79,500	December, 2002

Below are the changes in construction work in progress for the year ended June 30, 2002.

Balance, June 30, 2001	\$ 1,750,258
Current year additions	2,531,688
Construction completed and capitalized in the current year	(184,311)
Balance, June 30, 2002	<u>\$ 4,097,635</u>

NOTE 4 - LONG-TERM DEBT

Outstanding long-term debt of Sabine River Authority, State of Louisiana for the year ended June 30, 2002, consist of the following:

	Date of Issue	Date of Maturity	Interest Rates	Original Amount (2002%)
Hydroelectric Revenue Bonds: Series 1994	1994	2004	3.54% - 3.705%	\$ 15,000
Public Improvement Revenue Bonds: Series 1999	1999	2049	4.80%	\$ 30,000
	Outstanding 06/30/01 (2001%)	Added	Retired	Outstanding 06/30/02 (2002%)
Hydroelectric Revenue Bonds: Series 1994	\$ 2,000	\$ -0-	\$ 685	\$ 1,431
Public Improvement Revenue Bonds: Series 1999	8,500	-	525	8,995
Total long-term debt	<u>\$ 11,500</u>	<u>\$ -0-</u>	<u>\$ 1,210</u>	<u>\$ 10,426</u>

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 2002**

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The annual debt service requirements in maturity of all bonds outstanding at June 30, 2002 follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 1,255,000	\$ 471,550	\$ 1,726,550
2001	1,348,000	471,340	1,819,340
2002	645,000	376,800	1,021,800
2003	645,000	347,100	992,100
2004	680,000	316,320	996,320
2005 - 2012	3,098,000	1,815,760	4,913,760
2013 - 2015	1,520,000	170,400	1,690,400
	<u>\$10,415,000</u>	<u>\$ 3,128,930</u>	<u>\$ 13,543,930</u>

NOTE 7 - STATE OF LOUISIANA GENERAL OBLIGATION BONDS

The State of Louisiana issued general obligation bonds to provide funds for the construction of a major capital facility, the Sabine River Diversion Canal.

By contract with the State Bond Commission dated September 4, 1979, the Department of Public Works agreed to service \$18,000,000 of State of Louisiana General Obligation Bonds through any excess revenues derived from the sale of water from the Diversion Canal with first call on revenues.

to pay for maintenance and operational costs. Subsequently, by act R.S. 38:2225 the operation of the Sabine River Diversion Canal System was transferred to the Sabine River Authority. Excess funds derived from the sale of water from the Sabine River Diversion Canal System must be used to retire \$18,000,000 of general obligation bonds.

The \$18,000,000 general obligation bonds are dated September 1, 1979 and sold as part of \$22,000,000 State of Louisiana, General Obligation Bonds, Series 1979-B (with interest rates ranging from 6.38% to 8.30%). The bonds mature serially on September 1 of each year with interest payable semi-annually on March 1 and September 1 of each year commencing March 1, 1981.

The total unamortized principal and interest at June 30, 2002 is \$9,361,760. The liability is included in the liability section of the balance sheet as interest payable.

NOTE 8 - REVENUES

Under the terms of the Indenture of Trust, revenue from power sales to electric companies is paid directly to the Trustee on the first day of each August, November, February, and May. The money is administered by the Trustee as follows:

From the power payments received in February and August, the Trustee deposits into the Bond Fund an amount sufficient for payment of the principal and interest due on the next succeeding interest payment date. The Bond Fund is used solely for the purpose of paying the principal and interest on the bonds as such payments become due.

**MISSISSIPPI RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 1992**

NOTE # - RESERVES/CONTINGENCIES

The power payments received in May and November are deposited in the Revenue Fund. The money in the Revenue Fund is applied to any deficiencies existing in the Bond Fund, Operating Reserve Fund, and the Contingency and Replacement Reserve Fund, in that order. The Operating Reserve Fund is to be maintained at \$50,000, to be used to prevent a pending or threatened default in the payment of bonds or the related interest coupons. The contingency and Reserve Replacement Fund was established with an initial deposit of \$250,000 by the Trustee, with a provision for an additional deposit not to exceed \$250,000. Under the terms of the power agreement, the total of \$750,000 represents the Authority's one-half of the aggregate amount to be held in the Contingency and Reserve Replacement Fund to be used for extraordinary repairs and replacements of the Project as outlined in the power sales agreement.

After all deficiencies have been remedied and the required payments made, all money remaining in the Revenue Fund on or after each March 2 and September 2 are to be applied by the Trustee, at the request of the Authority, for any one or more of the following purposes, at the discretion of the Authority with such priority as the Authority may determine:

1. Accelerated payments to the Companies to repay advance payments for power.
2. The retirement of bonds in advance of maturity.
3. The payment of principal and interest, or both, on any subordinate bonds which may have been issued by the Authority.
4. The accumulation of money in the Operating Reserve Fund - Louisiana Account and the Contingency and Replacement Reserve Fund - Louisiana Account.
5. To the Authority for any other lawful purpose of the Authority.

In the absence of any such request of the Authority to the Trustee with respect to such remaining money, the money shall remain in the Revenue Fund.

NOTE # - MISSISSIPPI RIVER AUTHORITY MEMBERS

The Authority is comprised of thirteen members who are appointed by the Governor. Per diem payments to members for the year ended June 30, 1992 were as follows:

William R. Ziegler	\$ -
David Dyer	450
John A. Deltorpe, Jr.	450
Robert Goughagen	000
Dennis Selmon	000
Douglas McInnes	150
Theresea Nash	000
Anthony Temple	150
Clifton Gibson	000
Gordon Russell	150
Kenneth Proctor	-
Ronald Sneed	200
Stanley Vickins	150
	<u>\$3,300</u>

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 2003**

NOTE 10 - EMPLOYEE RETIREMENT SYSTEM

Plan Description

Substantially all employees of Sabine River Authority, State of Louisiana participate in the Louisiana State Employees' Retirement System (LASERS), a multiple-employer, cost-sharing pension plan established by the Louisiana Legislature. All employees who work at least 28 hours a week and are under 60 years of age are members of the plan. Members of the plan may retire with thirty years of creditable service regardless of age, with twenty-five years of service at age 55, and with ten years of service at age 60. The retirement allowance is equal to 2.5% of the member's average annual earned compensation for the thirty-six highest months of successive employment multiplied by his years of creditable service plus \$300, with certain provisions made for those employees who were members of the supplemental pay plan prior to its revision date. Their retirement allowance may not exceed the greater of 100% of a member's final salary or compensation. The System also provides disability and survivor benefits. Benefits are established by State statute. LASERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, Louisiana 70804.

Funding Policy

Plan members are required to contribute 7.5% of their earnings to the plan and the Authority is required to contribute at an actuarially determined rate. The Authority contributed 12.1% of the employees' annual covered payroll through June 30, 2000. Beginning July 1, 2000, the contribution rate increased to 13.0%. Effective July 1, 2002, the contribution rate increased to 14.1%. The contribution requirements of plan members and the Authority are established by statute. The Authority's contribution to LASERS for the years ended June 30, 2002, 2001, and 2000 were \$176,116, \$171,882, and \$171,696, respectively, equal to the required contributions.

NOTE 11 - POST RETIREMENT MEDICAL CARE AND LIFE INSURANCE BENEFITS

The State of Louisiana provides continuing health care and life insurance benefits for Sabine River Authority's retired employees. Substantially, all of the Authority's employees become eligible for these benefits if they reach normal retirement age while working for the Authority. These benefits, for retirees, are provided through Group Benefits whose monthly premiums are paid jointly by the employee and the State. The cost of providing these benefits is reflected as an expenditure in the year it is paid. For the year ended June 30, 2002, there were nineteen retirees and the costs of their benefits totaled \$46,516.

NOTE 12 - LITIGATION

The Authority is involved (along with the State of Texas) in litigation in which the plaintiffs have been awarded a judgment of over \$2 million. The Authority would be liable for 50% of the judgment. However, management plans to vigorously appeal the judgment and believes the loss, if any, resulting from the appeal will not have a material impact on the Authority's financial statements.

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 2002**

NOTE 12 – LITIGATION (CONTINUED)

The Authority is subject to various claims and lawsuits which may arise in the ordinary course of business. After consulting with counsel representing the Authority in consultation with such claims and lawsuits, it is the opinion of management and counsel that the disposition or ultimate determination of such claims and lawsuits will not have a material effect on the financial position of the Authority.

NOTE 13 – CONTINGENT LIABILITY

Public law 96-379 directed the Federal Energy Regulatory Commission (FERC) to write annual administration charges for the use of United States lands during the remaining term of the license to operate the Toledo Bend Joint Project (Project). The license expires fifty years from October 3, 1953. The matter is contingent upon FERC determining that the payment from the Project is sold to the public without profit. All exceptions applied for through June 30, 2002 have been approved.

NOTE 14 – LEASED AND BAILEY-TOWNE FACILITY

The Authority leased property and facilities, including the conference center, golf course, club house, run storage building, service center buildings, pavilion complex at parkside II, restaurants, moon, tennis courts, activity center, pool, and other commercial property, if and when constructed on the leased property for 15 years beginning on May 3, 2000 to ALH Properties No. Five, Inc. ALH will pay rent to the Authority as follows:

Opening date through December 31, 2001 - 1% of annual gross revenue.

Calendar year 2002 through 2004 - 1.5% of annual gross revenue.

Calendar year 2005 and thereafter - 3.0% of annual gross revenue up to \$1,000,000, 4.0% of annual gross revenue \$1,000,000 and \$2,000,000, 5.0% of annual gross revenue between \$2,000,000 and \$7,000,000, 5.5% of annual gross revenue between \$7,000,000 and \$9,000,000, 6.0% of annual gross revenue between \$9,000,000 and \$10,000,000, 6.5% of annual gross revenue between \$10,000,000 and \$15,000,000, and 7.0% of annual gross revenue over \$15,000,000.

The cost for leased property is \$20,877,854 and the amount of accumulated depreciation as of June 30, 2002 is \$2,130,551. Contingent amounts received from this year and June 30, 2002 was \$10,512.

SRA has entered into an Agreement (the "Agreement") with Sabine State Bank & Trust Company ("Bank"). It provides for SRA to subordinate any and all liens, privileges, pledges or other rights granted to SRA by Louisiana Civil Code Article 2705, et seq., or Louisiana Civil Code Article 3218, et seq., with respect to all of ALH's inventory, goods, equipment, and other movable

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 2002**

NOTE 14 - LEASE OR PREFERRED FACILITY (CONTINUED)

property ("Collateral") situated on property SRA leased to ALJ to the rights of Bank. SRA also agreed that in the event of any foreclosure, sale or other disposition of any of the Collateral, the rights of Bank in said Collateral shall in all respects prime those of SRA and Bank shall be paid by preference and priority to and over any claim of SRA.

NOTE 15 - PUBLIC IMPROVEMENT BONDS - SERIES 1996

The Authority issued revenue bonds in the principal amount of \$30,000,000 dated March 1, 1996, for the purposes of paying all or a portion of the costs of: (1) acquiring, constructing and improving the public parks and recreational facilities of the SRA, (2) completing the construction of a conference, education, conference center and related facilities at Cypress Bend, including the infrastructure necessary and related recreation facilities in connection therewith, (3) funding studies for providing water and sewerage to the developing areas of the SRA, (4) funding future improvements if determined feasible, (5) funding studies, planning and land acquisition, if feasible, for a golf resort adjacent to South Toledo State Park, (6) acquiring the necessary land, equipment, and furnishings required in connection with making the improvements hereinbefore described, (7) funding a reserve for the security and payment of the Bonds, and (8) paying the costs incurred in connection with the issuance of the Bonds.

The bonds are secured by an irrevocable pledge on the net revenues derived by the Authority with the exception of power sales which are subordinate to the payment of the Series 1964 Bonds.

NOTE 16 - PRIOR PERIOD ADJUSTMENTS

The beginning of the year net assets were changed to correct errors in the prior period as follows:

- As of June 30, 2001, accounts receivable for power sales were understated by \$114,561.
- \$29,333 of assumed compensation was not recorded as of June 30, 2001.



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THE BROUSSARD GROUP

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.
HEALTH CARE CONSULTANTS, L.L.C.
FINANCIAL SERVICES, L.L.C.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Sabine River Authority
State of Louisiana

We have audited the financial statements of Sabine River Authority, a component unit of the State of Louisiana, as of and for the year ended June 30, 2002, and have issued our report thereon dated August 15, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. *

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This report is intended solely for the information of management of Sabine River Authority and the Legislative Auditors and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 26:115, this report is distributed by the Legislative Auditors as a public document.

Broussard & Company

Lafayette, LA
August 15, 2002
JLB

**SABINE RIVER AUTHORITY,
State of Louisiana
Schedule of Findings and Questioned Costs
Year Ended June 30, 2002**

We have audited the financial statements of Sabine River Authority, State of Louisiana, as of and for the year ended June 30, 2002, and have issued our report thereon dated August 15, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2002 resulted in a qualified opinion.

Section I – Summary of Auditor's Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

1. Internal Control

Material Weaknesses	_____ Yes	<u> X </u> No
Reportable Conditions	_____ Yes	<u> X </u> No

Compliance

Compliance Material to Financial Statements	_____ Yes	<u> X </u> No
---	-----------	-----------------

2. Federal Awards – not applicable

Section II – Financial Statement Findings

Not applicable

Section III – Federal Award Findings and Questioned Costs

Not applicable

**SABINE RIVER AUTHORITY,
State of Louisiana
Schedule of Prior Year Findings
Year Ended June 30, 1993**

Section I – Internal Control and Compliance Material to the Financial Statements

2008 Finding No. 81-1 ALH Properties No. Five, Inc. Lease

Recommendation: ALH Properties No. Five, Inc. comply with the original lease dated February 3, 1993.

Current Status: The finding is resolved.

Section II – Internal Control and Compliance Material to Federal Awards.

Not applicable

Section III – Management Letter.

The prior year's report did not include a management letter.

**SAFONE RIVER AUTHORITY,
STATE OF LOUISIANA**
Schedule of Revenues and Expenditures
as Appropriated by State of Louisiana -
Budget (Non-GAAP Basis) and Actual
For The Year Ended June 30, 2002

	Budget	Actual	Variance - Favorable Unfavorable
Revenues:			
Water sales	\$ 2,833,155	\$ 2,667,467	\$ (165,688)
Interest	-	9,491	9,491
Appropriation from debt service funds	3,886,000	2,881,000	(995,000)
Miscellaneous	-	1,499	1,499
Total Revenues	6,719,155	5,559,457	(1,159,698)
Expenditures:			
Current - general government:			
Salaries	3,888,569	3,549,410	339,157
Board compensation	11,000	5,760	5,240
Employee benefits	480,190	394,810	84,380
Traavel	11,649	11,649	-
Operating services	890,419	648,009	241,410
Supplies	298,391	121,341	177,050
Professional services	371,489	89,117	282,372
Other charges	916,756	866,249	50,507
Major repairs	1,581,634	881,605	700,029
Capital outlay	363,878	831,397	(467,519)
Interest expense	-	-	-
Total Expenditures	8,673,605	6,873,875	(1,854,274)
Complimentary from prior year	\$ 14,779	\$ 14,779	-
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ (882,449)	\$ (882,449)

The notes to the financial statements are an integral part of this statement.

SABINE RIVER AUTHORITY
(Agency Name)
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2002

CONTENTS

AFFIDAVIT

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MD&A

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STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2002

Sabine River Authority
(Agency Name)

Division of Administration
Office of Statewide Accounting
and Accounting Policy
P. O. Box 94397
Baton Rouge, Louisiana 70804-8097

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-0397

TESTIMONY

Personally came and appeared before the undersigned authority, Linda Curtis-Sparks (Name) Executive Director (Title) of Sabine River Authority (Agency) who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Sabine River Authority (agency) at June 30, 2002 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board, sworn and subscribed before me, this 30th day of August, 2002.


Signature of Agency Official


NOTARY PUBLIC

Prepared by: Kelli Ferguson

Title: Accountant 3

Telephone No.: 225-258-4112

Date: August 30, 2002

The Management's Discussion and Analysis of the Sabine River Authority's (SRA) financial performance presents a narrative overview and analysis of Sabine River Authority's (SRA) financial activities for the year ended June 30, 2002. This document focuses on the current year's activities, resulting changes, and currently known risks in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

FINANCIAL HIGHLIGHTS

- The Sabine River Authority's (SRA) assets exceeded its liabilities at the close of fiscal year 2002 by \$81,780,687 which represents a 4.2% increase from last fiscal year. The increase is primarily a result of capital contributions for improvements and prior period adjustments.
- The Sabine River Authority's (SRA) revenue decreased \$1,015,583 (or 21.4%) and the net results from activities decreased by \$524,060. These decreases are a result of a decrease in power sales due to a planned major overhaul from September, 2001 through August, 2002.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of three sections: Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Basic Financial Statements

The basic financial statements present information for the Sabine River Authority (SRA) as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The **Statement of Net Assets** (pages 9 - 10) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Sabine River Authority (SRA) is improving or deteriorating.

The **Statement of Revenues, Expenses, and Changes in Fund Net Assets** (pages 30) presents information showing how Sabine River Authority's (SRA) assets changed as a result of current year operations. Regardless of when cash is received, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions indicated that will not affect cash until future fiscal periods.

The **Cash Flow Statement** (pages 11 - 12) presents information showing how Sabine River Authority's (SRA) cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Current and other assets	\$ 10,586	\$ 13,809
Capital assets	62,293	62,809
Total assets	72,879	76,618
Other liabilities	2,373	741
Long-term debt, outstanding	19,278	21,042
Total liabilities	21,651	21,783
Net assets:		
Invested in capital assets, net of debt	43,014	41,063
Restricted	3,429	1,788
Unrestricted	589	6,458
Total net assets	\$ 46,992	\$ 49,309

**BOARD OF SUPERINTENDENTS
SABINE RIVER AUTHORITY (SRA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2002**

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on what those amounts may be used for.

Net assets of Sabine River Authority's (SRA) increased by \$380,811, or 0.7%, from June 30, 2001 to June 30, 2002. One of the major causes of this increase were capital contributions of \$537,549 for capital improvements.

	2002	2001
Operating revenues	\$ 3,470	\$ 3,481
Operating expenses	<u>8,420</u>	<u>8,333</u>
Operating income(loss)	<u>(490)</u>	<u>(11)</u>
Non-operating revenues(expenses)	<u>(150)</u>	<u>428</u>
Income(loss) before transfers	<u>(121)</u>	<u>608</u>
Contributed capital	<u>508</u>	<u>850</u>
Net increase(decrease) in net assets	<u>\$ 387</u>	<u>\$ 1,832</u>

The Sabine River Authority's (SRA) total revenues decreased by \$ 1,816,603 or (21.4%). The total cost of all programs and services decreased by \$776,633 or (11.3%).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2002, the Sabine River Authority (SRA) had \$53,263,260 invested in a broad range of capital assets, including land, reservoirs and waterways, dams, and electric plant, water and pumping plant, recreation site improvements, and equipment. (See Table below).

This amount represents a net increase (including additions and deductions) of \$758,761, or 1.2%, over last year.

**STATE OF ILLINOIS
SABINE RIVER AUTHORITY (SRA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2002**

Land	\$	1,227	\$	1,227
Reservoirs and Waterways		10,508		10,779
Dams and Floods Plant		11,887		10,517
Water and Pumping Plant		13,800		14,523
Recreation Site Improvements		1,544		1,944
Equipment		986		1,180
All Others		<u>22,486</u>		<u>22,382</u>
Totals \$		<u>\$3,283</u>		<u>\$3,351</u>

This year's major additions included (in thousands):

- San Miguel Overlay \$402
- Construction in progress—Water line improvements \$347
- Construction in progress—Lagoonsport Trail \$512
- Construction in progress—Generator #2 overhaul \$1,637

Debt

The Sabine River Authority (SRA) had \$ 10,415 thousand in bonds and notes maturing at year-end, compared to \$11,625 thousand last year, an decrease of 10.4 % as shown in the table below.

	Outstanding Debt at Year-end (in thousands)	
	2002	2001
Revenue Bonds and Notes	\$ <u>10,415</u>	\$ <u>11,625</u>
Totals \$	<u>10,415</u>	<u>11,625</u>

The Sabine River Authority's Series 1089 bonds are un-rated. The Series 1161 Bond rating continues to carry the S&P rating.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$.2 million under budget and expenditures were 2 million less than budget due in part to reduced revenues as a result of the overhaul at the dam.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Sabine River Authority's (BTA) budget is completed based on guidelines set by the Division of Administration. Revenues are projected based on historical data. Non appropriated items are set by the Bond Indentures and the Toledo Bend Project Joint Operations.

The Sabine River Authority (BTA) expects that next year's results will not improve based on the following:

- A major overhaul to Generator #1 at the Toledo Bend Project will result in reduced revenues.

CONTACTING THE SABINE RIVER AUTHORITY'S (BTA) MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Sabine River Authority's (BTA) finances and to show the Sabine River Authority's (BTA) accountability for the money it receives. If you have questions about this report or need additional financial information, contact Linda Currie – Sparks, Executive Director, Sabine River Authority.

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (SRA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2002**

(Statement B)

OPERATING REVENUES	
Sales of commodities and services	\$ _____
Reimbursements	_____
Use of money and property	_____
Licenses, permits, and fees	_____
Other	_____
Total operating revenues	<u>5,000,571</u>
OPERATING EXPENSES	
Cost of sales and services	_____
Administrative	_____
Depreciation	_____
Amortization	_____
Total operating expenses	<u>3,999,981</u>
Operating income(loss)	<u>1,000,590</u>
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	_____
Intergovernmental revenues (expenses)	_____
Fines	_____
Interest income	_____
Gain (loss) on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other	_____
Total non-operating revenues(expenses)	<u>(157,211)</u>
Income(loss) before contributions and transfers	<u>843,379</u>
Capital contributions	507,546
Transfers in	_____
Transfers out	_____
Change in net assets	<u>1,350,911</u>
Total net assets - beginning, as previously reported	61,100,808
Prior period adjustment	272,258
Total net assets - beginning as restated	<u>61,373,066</u>

STATE OF LOUISIANA
 SABINE RIVER AUTHORITY (SRA)
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2002

Statement C

	Expenses	Program Revenues			Net (Expense)/ Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component Unit					
Component Unit A	\$ 6,893,124	\$ 5,671,919	\$	\$ 607,649	\$ 626,643
General revenues:					
Taxes					
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					310,280
Miscellaneous					
Special items					
Transfers					
Total general revenues, special items, and transfers					310,280
Change in net assets					606,811
Net assets - beginning, as audited					\$ 1, 700,808
Prior period adjustment					210,288
Net assets - beginning, as restated					\$ 1,911,096

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (SRA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002**

(Amount in \$)

Cash flows from operating activities		
Cash received from customers	\$ 1,079,082	
Cash payments to suppliers for goods and services	(7,880,511)	
Cash payments to employees for services	(7,883,488)	
Payments in lieu of taxes		
Internal activity payments to other funds		
Claims paid to outsiders		
Other operating revenues/expenses	313,034	
Net cash provided/(used) by operating activities		\$ 247,115
Cash flows from non-capital financing activities		
State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds	\$	
Interest paid on bond maturities	\$	
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Other	\$	
Transfers in		
Transfers out		
Net cash provided/(used) by non-capital financing activities		\$
Cash flows from capital and related financing		
Proceeds from sale of bonds		
Principal paid on bonds	(7,318,088)	
Interest paid on bond maturities	(225,280)	
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(1,058,481)	
Proceeds from sale of capital assets	9,500	
Capital contributions	832,848	
Other	(860,558)	
Net cash provided/(used) by capital and related financing activities		\$ 869,419
Cash flows from investing activities		
Purchases of investment securities	(8,182,378)	
Proceeds from sale of investment securities	2,418,886	
Interest and dividends earned on investment securities	515,380	
Net cash provided/(used) by investing activities		\$ 11,411,186
Net increase/(decrease) in cash and cash equivalents		\$ 12,817,419
Cash and cash equivalents at beginning of year		\$ 6,071,531
Cash and cash equivalents at end of year	\$	\$ 18,888,950

**STATE OF LOUISIANA
SAVING RIVER AUTHORITY (SRA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002**

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$	<u>(7,000)</u>
Adjustments to reconcile operating income(loss) to net cash			
Depreciation/amortization			<u>2,000,000</u>
Other			<u>111,000</u>
Changes in assets and liabilities:			
Decrease/increase in accounts receivable			<u>0</u>
Increase/decrease in due from other funds			<u>0</u>
Decrease/increase in prepayments			<u>0</u>
Decrease/increase in inventory			<u>0</u>
Increase/decrease in other assets			<u>0</u>
Increase/decrease in accounts payable			<u>0</u>
Increase/decrease in accounts payable and related benefits			<u>0</u>
Increase/decrease in compensated absences payable			<u>0</u>
Increase/decrease in due to other funds			<u>0</u>
Increase/decrease in deferred revenues			<u>0</u>
Increase/decrease in off-set liabilities			<u>0</u>
Net cash provided(used) by operating activities		\$	<u>2,000,000</u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease		<u>0</u>
Contribution of fixed assets		<u>0</u>
Purchases of equipment on account		<u>0</u>
Asset trade-ins		<u>0</u>
Other (specify):		<u>0</u>
		<u>0</u>
		<u>0</u>
Total noncash investing, capital, and financing activities:		<u>0</u>

(Continued)

INTRODUCTION

The Sabine River Authority (SRA) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 36:2337(1)(2017). The following is a brief description of the operations of Sabine River Authority (SRA) which includes the periods in which the (SRA) is located:

The Authority is charged with the development of the Sabine River Basin within the State of Louisiana. The Authority derives its revenues from the sale of hydroelectric power from the Toledo Bend Dam, water sales from the Toledo Bend Reservoir and Sabine River diversion Canal, permit and operation area fees, and other miscellaneous revenues. At the 189th Session of the Louisiana Legislature, Act 232 transferred the Authority to the Louisiana Department of Transportation and Development.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Sabine River Authority present information only as to the transactions of the programs of the Sabine River Authority as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting refers to the timing of the measurements made, regardless of the measurement basis applied.

The accounts of the Sabine River Authority are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statistical Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Sabine River Authority (SRA) are annual funding appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

Original approved budget	\$ <u>6,356,452</u>
Amendments:	
March, 2002	<u>671,858</u>
	<u> </u>
Final approved budget	\$ <u>6,873,000</u>

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard this G.)

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law (the State Fiscal Authority (SFA) may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (SFA) may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally insured chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer. The deposits at June 30, 2002, were secured as follows:

	Deposits in bank accounts			
	Cash	Certificates of Deposit	Other (Securities)	Total
Deposits in bank accounts per balance sheet	\$ <u>897,611</u>	\$ <u> </u>	\$ <u> </u>	\$ <u>897,611</u>
Bank balances:				
1. Insured by FDIC/insured with securities held by the entity or its agency in the entity's name	<u>388,000</u>	<u> </u>	<u> </u>	<u>388,000</u>
2. Collateralized with securities held by the pledging institution trust department or agent in the entity's name	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
3. Unsecured, including any securities held by the entity but not in the entity's name	<u>509,611</u>	<u> </u>	<u> </u>	<u>509,611</u>
Total bank balances	\$ <u>897,611</u>	\$ <u> </u>	\$ <u> </u>	\$ <u>897,611</u>

NOTE: The "Total Bank Balances" will not necessarily equal the "Deposits in Bank Accounts per Balance Sheet".

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

Backing Institution	Program	Amount
1. <u>State Cash Bank</u>	<u>Revolving Fund</u>	<u>\$ 0.00</u>
2. <u>Bank One</u>	<u>Revenue Fund</u>	<u>100,000</u>
3. <u>Bank One</u>	<u>State Building Fund</u>	<u>440,181</u>
4. <u>FNB, Charlotte</u>	<u>State Operations</u>	<u>10,000</u>
5. <u>Firstbank</u>	<u>State Operations</u>	<u>500,470</u>
Total		<u>\$ 100,651</u>

Cash in State Treasury and petty cash are not required to be reported in this schedule. However, in aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included in the balance sheet.

Cash in State Treasury \$ 1,460,849

2. INVESTMENTS

Upon implementation of GASB Statement #31, reported amount and fair value will often be the same number.

The Banking Board Authority (BBA) does maintain investment accounts as authorized by letterhead of Trust.

Investments can be classified according to the level of risk in the entity. Using the following categories, list each type of investment disclosing the carrying amount, market value, and applicable category of risk.

Category 1 - Insured or registered in the entity's name, or securities held by the entity or its agent in the entity's name.

Category 2 - Uninsured and unregistered with securities held by the county's trust department or agent in the entity's name.

Category 3 - Uninsured and unregistered with securities held by the county, or by its trust department or agent but not in the entity's name.

Certain types of investments cannot appropriately be categorized. These are to be listed separately at the end of the schedule in the space provided.

Typical Investments	1	2	3	Amount	Fair Value
Repurchase agreements	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Government securities	_____	_____	<u>2,600,148</u>	<u>2,600,148</u>	<u>2,600,148</u>
Common & preferred stock	_____	_____	_____	<u>0</u>	_____
Common money	_____	_____	_____	<u>0</u>	_____
Corporate bonds	_____	_____	_____	<u>0</u>	_____
Other (identify)	_____	_____	_____	<u>0</u>	_____
Mutual invested funds	_____	_____	<u>2,590,077</u>	<u>2,590,077</u>	<u>2,590,077</u>
Federal agencies securities	_____	_____	<u>1,670,000</u>	<u>1,670,000</u>	<u>1,670,000</u>
Total categorized investments	\$ _____	\$ _____	\$ <u>7,860,225</u>	\$ <u>7,860,225</u>	\$ <u>7,860,225</u>
Investments not categorized (list separately)	_____	_____	_____	_____	_____
Total Investments				\$ <u>7,860,225</u>	\$ <u>7,860,225</u>

3. Other Disclosures Required for Investments

- a. Investments in pools managed by other governments or mutual funds.....
- b. Securities underlying reverse repurchase agreements.....
- c. Unrealized investment losses.....
- d. Commitments as of _____ (fiscal close), to repurchase securities under yield maintenance repurchase agreements:
1. Carrying amount and market value at June 30 of securities to be repaid.....
 2. Description of the terms of the agreement.....
- e. Investment types carried during the year but not carried as of June 30.....
- f. Losses during the year due to default by counterparties to deposit or investment transactions.....
- g. Amounts recovered from prior-period losses which are not shown separately on the balance sheet.....

Legal or Contractual Provisions for Reverse Repurchase Agreements

- k. Sources of legal or contractual authorization for use of reverse repurchase agreements.....
- l. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year.....

Reverse Repurchase Agreements as of the Balance Sheet Date

- i. Credit risk related to the reverse repurchase agreements outstanding at balance sheet date, that is, the aggregate amount of reverse repurchase agreements originated including accrued interest compared to aggregate market value of the securities underlying those agreements including interest.....
- k. Commitments on _____ (fiscal close), to repurchase securities under yield maintenance agreements.....
- l. Market value on _____ (fiscal close), of the securities to be repurchased.....
- m. Description of the terms of the agreements to repurchase.....
- n. Losses recognized during the year due to default by counterparties to reverse repurchase agreements.....
- o. Amounts recovered from prior-period losses which are not separately shown on the operating statement.....

Fair Value Disclosures

- g. Methods and significant assumptions used to estimate the value of investments, if fair value is not based on quoted market prices
- h. Basis for determining which investments, if any, are reported at amortized cost
- i. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool
- j. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares
- k. Any involuntary participation in an external investment pool
- l. Whether you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate
- m. Any income from investments associated with one fund that is assigned to another fund

D. CAPITAL ASSETS

The fixed assets used in the Special Purpose Investment engaged only in Business-Type Activities are depreciable fixed assets used by the entity are charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

Year ended June 30, 2022

	Balance 6/30/2021	Additions	Transfers ¹	Retirements	Balance 6/30/2022	Plus Period Adjustment	Adjusted Balance 6/30/2022
Capital assets including depreciation							
Land	1,237,499	--	--	--	1,237,499	--	1,237,499
Non-depreciable land improvements	--	--	--	--	--	--	--
Depreciated additions	--	--	--	--	--	--	--
Construction in progress	1,799,249	2,184,000	(134,155)	--	4,049,094	--	4,049,094
Total capital assets not being depreciated	3,036,748	2,184,000	(134,155)	--	5,086,593	--	5,086,593
Other capital assets							
Furniture, fixtures, and equipment	1,899,576	560,484	--	(51,473)	2,408,587	--	2,408,587
Less accumulated depreciation	(2,892,188)	(288,817)	--	95,957	(3,085,048)	--	(3,085,048)
Furniture, fixtures, and equipment	1,107,388	(228,333)	--	(11,492)	867,563	--	867,563
Buildings and improvements	58,859,500	--	--	--	58,859,500	--	58,859,500
Less accumulated depreciation	(13,834,885)	(2,851,382)	--	--	(16,686,267)	--	(16,686,267)
Total buildings and improvements	45,024,615	(2,851,382)	--	--	42,173,233	--	42,173,233
Depreciable land improvements	23,878,844	30,439	125,805	--	24,035,088	--	24,035,088
Less accumulated depreciation	(21,136,873)	(811,172)	--	--	(21,948,045)	--	(21,948,045)
Depreciable land improvements	2,741,971	(771,733)	125,805	--	886,938	--	886,938
Infrastructure	36,831,700	--	--	--	36,831,700	--	36,831,700
Less accumulated depreciation	(24,786,873)	(833,888)	--	--	(25,620,761)	--	(25,620,761)
Infrastructure	12,044,827	(833,888)	--	--	11,210,939	--	11,210,939
Intangible capital assets	(8,528,733)	(1,788,871)	125,805	(1,688)	(11,892,677)	--	(11,892,677)
Capital Asset Summary							
Capital assets not being depreciated	3,036,748	2,184,000	(134,155)	--	5,086,593	--	5,086,593
Other capital assets, at cost	38,959,186	551,923	560,484	(51,473)	40,000,119	--	40,000,119
Furniture/fixtures/capital assets	38,479,347	2,714,586	(2,500)	95,465	40,700,544	--	40,700,544
Less accumulated depreciation	(28,888,444)	(2,571,855)	--	38,874	(31,421,369)	--	(31,421,369)
Capital assets, net	48,588,537	388,554	(2,500)	(1,409)	49,573,182	--	49,573,182

¹ Reclassify separately to those completed projects coming out of construction programs, if fixed assets, not associated with business operations identified in this project.

E. INVENTORIES

The unit's inventories are valued at cost. These are perpetual inventories and are expensed when used.

F. RESTRICTED ASSETS

Restricted assets in the Sabine River Authority (SRA) at June 30, 2002, reflected at \$_____, \$_____ in the current assets section on Statement A, consist of \$_____, \$_____ in cash with fiscal agent, \$_____, \$_____ in receivables, and \$_____, \$_____ investment in _____ (Identify the type investments held.)

Restricted assets in the Sabine River Authority (SRA) at June 30, 2002, reflected at \$2,408,086, in the non-current assets section on Statement A, consist of \$ 818,000 _____ in cash with fiscal agent, \$_____, \$_____ in receivables, and \$ 1,511,000 investment in U. S. Government agencies, U. S. Treasuries and money market funds consisting of U. S. Government instruments.

G. LEAVE

1. COMPENSATED ABSENCE

The Sabine River Authority has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees in their leave are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section 046, is recognized. It is recognized in the employee funds when the leave is earned.

H. RETIREMENT SYSTEM

Substantially all of the employees of the (SRA) are members of the La Basse Employees Retirement System (System), a cost sharing multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is established and controlled by a separate board of trustees.

All full-time (SRA) employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of creditable service.

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 36 years of service, (b) age 55 with 20 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44210, Baton Rouge, Louisiana 70804-4210, or by calling (504) 822-8808 or (800) 248-2820.

Members are required by state statute to contribute 3.5% of gross salary, and the (SRA) is required to contribute at an actuarially determined rate as required by P.L.S. 71-583. The contribution rate for the fiscal year ended June 30, 2002, increased to 14.1% of annual covered payroll from the 13.8% and 12.3% required in fiscal years ended June 30, 2001 and 2000, respectively. The (SRA) contributions to the System for the years ending June 30, 2002, 2001, and 2000, were \$176,176, \$177,382, and \$271,846, respectively, equal to the required contributions for each year.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The State of Louisiana provides certain continuing health care and life insurance benefits for Eastern First Authority's retired employees. Collectively, all of the Authority's employees become eligible for these benefits if they reach normal retirement age while working for the Authority. These benefits for retirees are provided through Group Benefits, which health insurance premiums are paid jointly by the employee and the State. The cost of providing these benefits is reflected as an expenditure in the year it is paid. For the year ended June 30, 2020, the 2 retiree members within and the costs of their benefits totaled \$99,838.

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year _____ amounted to \$_____. A schedule of payments for operating leases follows:

Month of lease	2020	2021	2022	2023	2024	FY2025-2026	FY2027-2028
_____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

2. CAPITAL LEASES

Capital leases are (are not) recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 8, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedule:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (i) ownership transfers to the end of the lease, (ii) the lease contains a bargain purchase option, (iii) the lease term is 75% of the asset life or, (iv) the discounted minimum lease payments are 90% of the fair market value of the asset.

Month of lease	Date of lease	Last payment date	Remaining interest to end of lease	Remaining principal to end of lease	Final full payment
a. Office space	_____	_____	\$ _____	\$ _____	_____
b. Equipment	_____	_____	_____	_____	_____
c. Land	_____	_____	_____	_____	_____
Total			\$ _____	\$ _____	_____

The following is a schedule by years of future minimum lease payments, under capital leases together with the present value of the net minimum lease payments as of first day of your fiscal year, and a breakdown of yearly principal and interest:

Year ending June 30, :	Total
2004	\$ _____
2004	_____
2005	_____
2006	_____
2007	_____
2008-2012	_____
2013-2016	_____
Total minimum lease payments	_____ Q
Less amounts representing executory costs	_____
Net minimum lease payments	_____ Q
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ Q

3. LEASES DIRECT FINANCING LEASES

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- ✦ Collectibility of the minimum lease payments is reasonably predictable.
- ✦ No important uncertainties surround the amount of the unrecoverable costs yet to be incurred by the lessor under the lease.

Provide a general description of the direct financing agreement, and complete the chart below:

Commercial lease	Date of lease	Minimum lease payments receivable
a. Office space	_____	\$ _____
b. Equipment	_____	_____
c. Land	_____	_____
Less amounts representing executory costs		_____
Minimum lease payment receivable		_____ \$
Less allowance for doubtful accounts		_____
Net minimum lease payments receivable		_____ \$
Less unearned income		_____
Net investment in direct financing lease		\$ _____ \$

Minimum lease payments do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if for example the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2002 were \$_____ for office space, \$_____ for equipment, and \$_____ for land.

The following is a schedule by year of minimum lease payments for the remaining fiscal years of the lease as of _____ (the last day of your fiscal year):

Year ending _____	
2000	\$ _____
2004	_____
2005	_____
2006	_____
2007	_____
2008-2012	_____
2013-2017	_____
Total	\$ _____ \$ _____

4. LEASING – OPERATING LEASES

When a lease agreement does not satisfy at least one of the four criteria (common to both leases and lease accounting), and fails of the criteria for a lease (possibility and no transfer of ownership cost), the lease is classified as an operating lease. In an operating lease, there is no scheduled sale and the lessor simply records rent revenues as they become receivable and available.

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of June 30, 2000:

	Cost	Accumulated Depreciation	Carrying Amount
a. Buildings and improvements	\$ 14,341,000	\$ 12,200,000	\$ 2,141,000
b. Equipment	447,500	200,000	247,500
c. Land and improvements	8,000,000	200,000	7,800,000
Total	\$ 22,788,500	\$ 12,400,000	\$ 10,388,500

The following is a schedule by years of minimum lease rentals on non-cancelable operating lease(s) as of _____ (the last day of your fiscal year):

Year Ended							
June 30	Office Space	Equipment	Land	Other	Total		
2000	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	0
2004							0
2005							0
2006							0
2007							0
2008-2012							0
2013-2015							0
Total	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	0

Contingent rentals received from operating leases received for fiscal year and June 30, 2000 was \$81,572 for Cygnus Direct.

5. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2000:

	Year ended June 30, 2003				Balance June 30, 2002	Year ended June 30, 2002		Balance June 30, 2001	Amounts due within 90 days
	Balance June 30, 2003	Additions	Reductions						
Funds and notes payable:									
Notes payable	\$	\$	\$	\$	--	\$			
Accounts payable and notes payable									
Funds payable	<u>11,825,000</u>		<u>1,210,000</u>		<u>10,615,000</u>		<u>1,210,000</u>		
Total notes and funds	<u>11,825,000</u>		<u>1,210,000</u>		<u>10,615,000</u>		<u>1,210,000</u>		
Other liabilities:									
Contracts payable	0,816,124		562,808		0,253,316		54,130		
Compensated absences payable					--				
Capital lease obligations					--				
Liabilities payable from restricted assets					--				
Claims and litigation					--				
Other long-term liabilities					--				
Total other liabilities	<u>0,816,124</u>		<u>562,808</u>		<u>0,253,316</u>		<u>54,130</u>		
Total long-term liabilities	<u>11,841,124</u>		<u>1,772,808</u>		<u>10,868,316</u>		<u>1,264,130</u>		

A detailed summary, by issues, of all debt outstanding at June 30, 2003, including outstanding interest of \$3,178,280 is shown on schedule 4. Schedule 5 is an amortization schedule of the outstanding debt.

L. LITIGATION

1. The Sabine River Authority (SRA) is a defendant in litigation seeking damages as follows:

Date of Action	Description of Litigation	Primary Attorney	Damages Claimed	Insurance Coverage
	Breach of Leasehold Agreement	McDonnell	\$ 50,000	\$ 50,000
02/01/02	Taking of Property	McDonnell		
02/01/02	Wrongful Death	Forrest		
	Sum of Damages (\$4M)		1,200,000	
Total			<u>\$ 1,250,000</u>	<u>\$ 50,000</u>

The Sabine River Authority (SRA)'s legal adviser estimates that potential claims not covered by insurance would not materially affect the financial statements or is unable to estimate the effect on the financial statements.

M. RELATED PARTY TRANSACTIONS

(FASB SF requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any interests due to or from which result from related party transactions. List all related party transactions.)

N. ACCOUNTING CHANGES

Accounting changes made during the year involved a change in accounting _____, principle(s), estimate, error or equity. The effect of the change is being shown in _____

D. IN-KIND CONTRIBUTIONS

(List all in-kind contributions that are not included in the accompanying financial statements.)

In-Kind Contributions	Cost/Estimated Cost/Fair Market Schedule Determined by the Director
_____ \$ _____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total	\$ _____

F. DEFERRED ISSUES

In _____, the _____ (BTA), issued \$ _____ of taxable bonds. The purpose of the issue was to provide money to advance school portions of _____ bonds. In order to refund the bonds, portions of the proceeds of the new issue \$ _____ plus an additional \$ _____ of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated _____ between the (BTA) and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by about \$ _____ and gave the (BTA) an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$ _____.

G. COOPERATIVE PROGRAMS

LRS 50:5602 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state. The facility existing as of June 30, 2002, by funding source, is as follows:

NOTE: Amounts in excess of contract limits cannot be used to reduce the outstanding contract balance at June 30, 2002. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

NOTE: In order to compute your ending balances by funding source, you should begin with your balances at June 30, 2001. These amounts will be increased by amounts for new contracts and amendments and decreased for payments as well as for liquidations.

II. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 20____, were as follows:

Activity	Customer		Receivables from other		Other		Total
	Receivables	Terms	Receivables	Receivables	Receivables	Receivables	
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Less receivables	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Less allowance for	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
uncollectible receivables, net	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Amounts not scheduled for collection during the subsequent year	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 20____, were as follows:

Activity	Supplier and		Approved		Other		Total
	Payables	Payables	Payables	Payables	Payables	Payables	
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Total payables	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

VI. SUBSEQUENT EVENTS

X. SEGMENT INFORMATION

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For the purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or an other stand-alone entity that has one or more funds or other fund instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as an accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 102, as modified by GASB 37, paragraph 17.)

Type of goods or services provided by the segment: _____

A. Condensed statement of net assets:

- (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or ETAs should be reported separately.
- (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or ETAs should be reported separately.
- (3) Total net assets – distinguishing among restricted (separately reporting expendable and nonexpendable components), unrestricted, and amounts invested in capital assets, net of related debt.

Condensed Statement of Net Assets:

	Segment #1	Segment #2
Current assets:	\$ _____	\$ _____
Due from other funds	_____	_____
Capital assets	_____	_____
Other assets	_____	_____
Current liabilities	_____	_____
Due to other funds	_____	_____
Long-term liabilities	_____	_____
Postdebt-invest assets	_____	_____
Unrestricted net assets	_____	_____
Invested in capital assets, net of related debt	_____	_____

B. Condensed statement of revenues, expenses, and changes in net assets:

- (1) Operating revenues (by major source).
- (2) Operating expenses. Depreciation (including any amortization) should be identified separately.
- (3) Operating income (loss).
- (4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
- (5) Capital contributions and additions in permanent and term endowments.
- (6) Special and extraordinary items.
- (7) Transfers in.
- (8) Change in net assets.
- (9) Beginning net assets.
- (10) Ending net assets.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

	Segment #1	Segment #2
Operating revenues	\$ _____	\$ _____
Operating expenses	_____	_____
(Depreciation and amortization)	_____	_____
Operating income (loss)	\$ _____	\$ _____
Nonoperating revenues (expenses)	_____	_____
Capital contributions/additions to permanent and term endowments	_____	_____
Special and extraordinary items	_____	_____
Transfers in	_____	_____
Transfers out	_____	_____
Change in net assets	\$ _____	\$ _____
Beginning net assets	_____	_____
Ending net assets	\$ _____	\$ _____

C. Consolidated statement of cash flows:

- (1) Net cash provided (used) by:
- (a) Operating activities
 - (b) Noncapital financing activities
 - (c) Capital and related financing activities
 - (d) Investing activities
- (2) Beginning cash and cash equivalent balances
- (3) Ending cash and cash equivalent balances

Consolidated Statement of Cash Flows:

	Segment #1	Segment #2
Net cash provided (used) by operating activities	\$ _____	\$ _____
Net cash provided (used) by noncapital financing activities	_____	_____
Net cash provided (used) by capital and related financing activities	_____	_____
Net cash provided (used) by investing activities	_____	_____
Beginning cash and cash equivalent balances	_____	_____
Ending cash and cash equivalent balances	_____	_____

V. DUE TO/DEBIT FROM AND TRANSFERS

1. List by fund type the amounts due from other funds detailed by individual fund at year end (year end):

Type of Fund	Name of Fund	Amount
_____	_____	\$ _____
_____	_____	_____
Total due from other funds		\$ _____

2. List by fund type the amounts due to other funds detailed by individual fund at _____ year end:

Type of Fund	Name of Fund	Amount
_____	_____	\$ _____
_____	_____	_____
Total due to other funds		\$ _____

3. List by fund type all transfers from other funds for the fiscal year:

Type of Fund	Name of Fund	Amount
_____	_____	\$ _____
_____	_____	_____
Total transfers from other funds		\$ _____

4. List by fund type all transfers to other funds for the fiscal year:

Type of Fund	Name of Fund	Amount
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers to other funds		\$ _____

2. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets in the _____ (STA) at _____ (fiscal year end), collected at \$ _____ in the current liabilities section on Statement A, consist of \$ _____ in accounts payable, \$ _____ in notes payable, and \$ _____ in _____.

Liabilities payable from restricted assets in the _____ (STA) at _____ (fiscal year end), collected at \$ _____ in the non-current liabilities section on Statement A, consist of \$ _____ in accounts payable, \$ _____ in notes payable, and \$ _____ in _____.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 2001:

Fund balance July 1, 2001, initially reported	Adjustments -1,011.0	Beginning net assets, July 1, 2001, As revised
\$ 61,120,828	\$ 272,256	\$ 61,393,084
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Accounts receivable for gross sales were understated by \$301,000 as of June 30, 2001.

\$28,223 of accrued compensation was not recorded as of June 30, 2001.

STATE OF LOUISIANA
 GULFPORT RIVER AUTHORITY (GRA)
 SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
 For the Year Ended June 30, 2002

Name	Amount
William B. Decker	\$ 0
David Covi	000
John A. Galloway, Jr.	000
Robert Goodhue	000
Barbara Holmes	000
Charles McLean	000
Thurston Smith	000
Antony Temple	000
Carlton Wilson	000
Georges Figeant	000
Kenneth L. Thomas	0
Donald Ward	000
Charles Wilson	000
	\$ 0,000

SCHEDULE 1

STATE OF LOUISIANA

(City)

SCHEDULE OF STATE FUNDING

For the Year Ended _____

(Fiscal Year)

Description of Funding	Amount
1. _____	\$ _____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____
Total	\$ _____

STATE OF LOUISIANA
 REVENUE AND AUTHORITY (R&A)
 SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE
 June 30, 1993

■ **Background:** The purpose of this study was to determine the prevalence of and risk factors for

SCHEDULE (A-0)

STATE OF LOUISIANA
(BTA)

SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
For The Year Ended _____
(Fiscal Close)

Fiscal Year Ending:	Principal	Interest
2003	\$ _____	\$ _____
2004	_____	_____
2005	_____	_____
2006	_____	_____
2007	_____	_____
2008-2010	_____	_____
2010-2017	_____	_____
2018-2022	_____	_____
2023-2027	_____	_____
Total	\$ _____	\$ _____

SCHEDULE 4-A

STATE OF LOUISIANA

(BTA)

SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 20__

Fiscal Year (Ending)	Depreciat	Interest	Principal	Balance
2000	\$ _____	\$ _____	\$ _____	\$ _____ --
2004	_____	_____	_____	__
2006	_____	_____	_____	__
2008	_____	_____	_____	__
2009	_____	_____	_____	__
2009-2010	_____	_____	_____	__
2010-2011	_____	_____	_____	__
2011-2012	_____	_____	_____	__
2012-2013	_____	_____	_____	__
Total	\$ _____	\$ _____	_____	__

SCHEDULE 4-B

STATE OF LOUISIANA

(RTA)

SCHEDULE OF NOTES PAYABLE AMORTIZATION

For The Year Ended June 30, 20__

Fiscal Year Ending:	Principal	Interest
2000	\$ _____	\$ _____
2001	_____	_____
2002	_____	_____
2003	_____	_____
2004	_____	_____
2005-2012	_____	_____
2013-2017	_____	_____
2018-2022	_____	_____
2023-2027	_____	_____
Total	\$ _____	\$ _____

SCHEDULE 4-C

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (SRA)
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2002**

2005	<u>645,000</u>	<u>535,800</u>
2006	<u>640,000</u>	<u>547,300</u>
2007	<u>630,000</u>	<u>558,300</u>
2008-2012	<u>3,600,000</u>	<u>1,895,700</u>
2013-2017	<u>1,800,000</u>	<u>735,400</u>
2018-2020	<u> </u>	<u> </u>
2021-2027	<u> </u>	<u> </u>
 Total	 <u>\$ <u>7,415,000</u></u>	 <u>\$ <u>3,672,500</u></u>